

# U.S. Data Review

- Employment cost index: slower in Q4, but still brisk

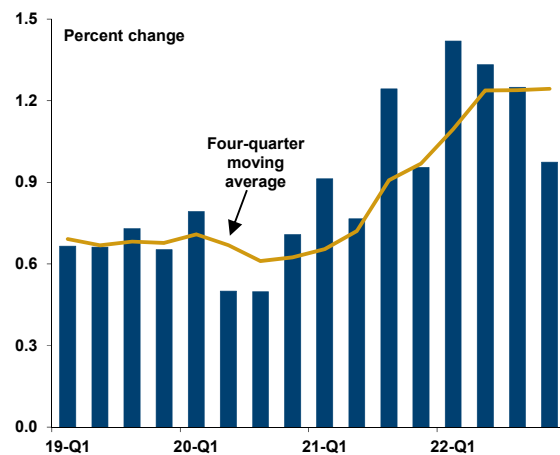
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## Employment Cost Index

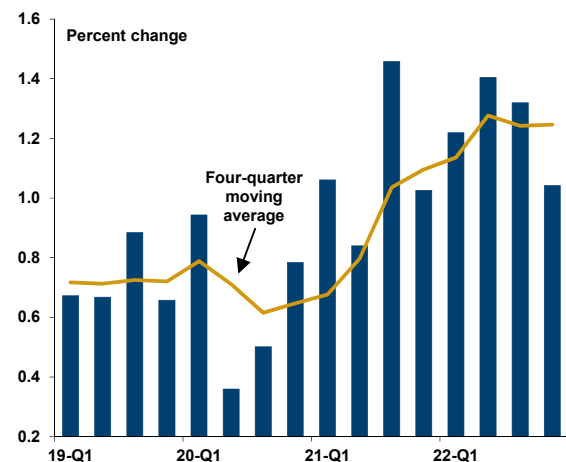
- The employment cost index increased 1.0 percent in Q4 (0.974 percent with less rounding), one tick slower than the consensus view of 1.1 percent. The latest jump in compensation costs was the sixth quarterly shift of 1.0 percent or more (versus an average of 0.7 percent in the two years prior to the onset of the pandemic; chart, left). On a year-over-year basis, compensation costs rose 5.1 percent, up from 5.0 percent in Q3 (the change was a touch smaller with less rounding: 5.068 percent versus 5.048 percent).
- Increases in benefit costs, while brisk in Q4 at 0.8 percent, eased for the third consecutive quarter after a surge of 1.8 percent in Q1 (versus an average quarterly increase of 0.6 percent in 2018-19). Benefit costs slowed slightly on a year-over-year basis (4.903 percent versus 4.946 percent in Q3 -- the current high for the cycle).
- Wages rose 1.0 percent in Q4, down from 1.3 percent in Q3 and a recent high of 1.5 percent in Q3 of last year (chart, right). The change still exceeded by a notable margin the average of 0.7 percent in the two years prior to the pandemic. The year-over-year change in wages was unchanged from the Q3 reading at 5.1 percent.
- Total compensation costs by industry showed some interesting developments. Compensation growth in goods producing industries slowed to 0.9 percent from an average of 1.1 percent in the prior six quarters. Costs in service producing industries slowed a touch more (1.0 percent versus 1.3 percent in the prior five quarters). Within the service industries, much of the cooling occurred in the leisure and hospitality sector, where Q4 growth of 0.9 percent trailed the average of 1.9 percent in the prior seven quarters by a wide margin. Leisure and hospitality had been the hottest sector within services, but it is now in line with other industries.
- Still firm within services, healthcare and education posted both jumped 1.3 percent. Compensation at state and local governments rose 1.0 percent, matching the service average, but the change followed a surge of 1.9 percent in Q3 and left a striking advance in the past two quarters.

### Employment Cost Index: Compensation



Source: Bureau of Labor Statistics via Haver Analytics

### Employment Cost Index: Wages



Source: Bureau of Labor Statistics via Haver Analytics

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